Funding the Golden Age: The Effect of Financial Planning Choices on Anticipated Retirement Satisfaction, Retirement Adjustment and Overall Retirement Satisfaction

A dissertation submitted in partial fulfilment of the requirements for the Degree of:

Masters of Science in Applied Psychology

By

Hilary L. Bell

Simon Kemp
Primary supervisor

Sanna Malinen
Secondary Supervisor

Psychology Department

February 2009

ACKNOWLEDGEMENTS

I would like to acknowledge the organisations who assisted me with participant recruitment; Age Concern Christchurch, GrownUps, Grey Power, PROBUS, SeniorNet, and the management of retirement villages registered with the Retirement Village Association of New Zealand.

I would like to acknowledge my primary supervisor Prof. Simon Kemp for his guidance. I would like to express gratitude to my secondary supervisor Sanna Malinen for her guidance and support in the closing stretch.

Thanks to my family and friends for your continual support, you know who you are and how much it meant. I could not have made it through as unscathed without you.

TABLE OF CONTENTS

LIST OF FIGURES AND TABLES

1. ABSTRACT

Retirement planning has been shown to affect transition into retirement, and satisfaction with it. The current study was designed to investigate the effect that financial planning choices have on an individuals anticipated level of retirement satisfaction, their adjustment to retirement and their overall satisfaction with retirement. Retirement was defined as an exit from an organisation or career path of considerable duration, taken with intention of reduced psychological commitment to work thereafter (Feldman, 1994) therefore some retirees in the current study were working in retirement. To incorporate this into the current research, the relationship between working in retirement and planning was explored; looking at whether the previously discussed effects of financial planning (on anticipated retirement satisfaction, adjustment to retirement and overall retirement satisfaction) are affected by work in retirement. The Retirement Satisfaction Index (RSI; (Floyd et al., 1992)) was used to measure anticipated retirement satisfaction, adjustment to retirement and overall retirement satisfaction. Financial planning choices and demographic details were recorded from questionnaires. Participants were 98 retired persons living in New Zealand. Factor analysis was used to explore the factor structure of the RSI (Floyd et al., 1992) on a New Zealand sample, the factor struture was similar to structure repeorted by Floyd et.al (1992) and Fouqueraeu, Fenandez and Mullet (1999). Some changes were noted in the 'retirement satisafaction' factor. The implication of these are discussed. Individual financial planning had a positive effect on overall retirement. There were no significant effects found for anticipated satisfaction and adjustment to retirement. Further working in retirement had no significant effects on individual planning or the previously discussed effects of individual planning on the retirement experience.

2. INTRODUCTION

2.1 Overview

Retiring from full-time employment is a milestone that marks the transition into the later stage of adulthood (Floyd et al., 1992).It is not simply an objective life course transition, but is also a subjective developmental and social-psychological transformation that may be related to physical and psychological well-being (Moen, 2001). The retirement experience can be positive, the movement out of sometimes stressful or demanding jobs can promote a sense of wellbeing, especially where retirement leads to new goals, interests, and activities (Kim & Moen, 2002). However, retirement can have negative effects. Retirees can find the transition difficult as individuals lose their occupational attachments, their social network of co-workers, and a major anchor for their identities (Kim & Moen, 2002). Retirees can experience stress, rapid physical deterioration, and depression (Bosse, Aldwin, Levenson, & Ekerdt, 1987; Wang, 2007). As many as one third of retirees have difficulty adjusting to retirement and undergo a decrease in life satisfaction as a result of the transition (Elwell & Maltbie-Crannell, 1981).

The current study was designed to investigate the effect that financial planning choices have on an individual's anticipated level of retirement satisfaction, their adjustment to retirement and their overall satisfaction with retirement. Retirement was defined as an exit from an organisation or career path of considerable duration, taken with intention of reduced psychological commitment to work thereafter (Feldman, 1994) therefore some retirees in the current study may have continued to work into retirement. To incorporate this into the current research, the relationship between working in retirement and planning was explored; looking at whether the previously discussed effects of financial planning (on anticipated

retirement satisfaction, adjustment to retirement and overall retirement satisfaction) are affected by work in retirement.

2.2 Retirement Theories

Two frequently applied theoretical perspectives of the retirement transition and adjustment process are *role theory* (Ashforth, 2001) and *continuity theory* (Atchley, 1989).

Role theory emphasizes the importance of the role exit and role transition processes in retirement. Role theory points to employment as a fundamental role that is central to an individual's identity (Kim & Moen, 2002). Therefore, retirees are expected to feel that they have lost an important role, and such feelings could lead to psychological distress (Pinquart & Schindler, 2007). This may be due to the functional importance of work-related roles, which serve to maintain one's positive self-image (Kim & Moen, 2002). When the work role has been central to an individual's identity, the loss may be an especially stressful disruption. This can taint people's perception of their retirement years. Retirees may view these years as less satisfying when compared with their employment, especially for those most invested in their job (Ashforth, 2001). Alternatively, when an individual's job is stressful and time consuming the role exit (retirement) serves to reduce strain and overload associated with the job, thereby enhancing psychological well-being (Kim & Moen, 2002).

The second theoretical approach, continuity theory (Atchley, 1989), refers to a consistency of patterns over time, the accommodation of change without experiencing a psychologically stressful disruption. Therefore, continuity theory suggests that retirement may be psychologically stressful because of the discontinuity in a central role (Kim & Moen, 2002). Wang (2007) noted that

continuity theory does not rule out the existence of psychological stress led by role exit and role transitions. He emphasises that maintaining continuity is critical for retirees to keep their psychological well-being. Individuals who maintain their lifestyle or activities through retirement or who view retirement as a fulfilment of a prior goal should not experience such a significant decline of psychological well-being during the retirement transition (Wang, 2007).

2.3 Impact of planning

The theories mentioned above suggest two directions for subjective well-being following retirement, either a positive shift towards promoting well-being or a negative shift with a decline in psychological well-being. Several theories have been suggested to explain what causes an individual to shift positively or negatively. Taylor-Carter, Cook and Weinberg (1997) posited that the most important individual difference mediating or moderating the retirement-well-being relationship might be a sense of personal control. As people make the transition into later life stages they may experience a decline in personal control, as environmental events accompanying aging can limit the range of outcomes that are actually attainable (Elwell & Maltbie-Crannell, 1981). Elder and Rudolph (1999) suggest that planning helps; their results indicated that thinking about and planning for retirement has a significant positive impact on retirement satisfaction. Specifically, financial planning has been explored by Fletcher and Hanson (1991) and Dorfman (1992). The results of these two studies suggest that financial planning and independence are significantly predictive of postretirement satisfaction (Dorfman, 1992; Fletcher & Hansson, 1991). In a similar study, Krause (1987) found older people with more informational support were less likely to experience depression due to financial strain.

Given the benefits of planning mentioned above, further exploration into the different types of planning and in particular, financial planning is warranted. One of the main goals of the current study is to examine the effect different financial planning choices have on retirement satisfaction.

2.4 Types of planning

Retirement planning can take place informally, as individuals gradually gather information over time, or more formally, through participation in retirement planning seminars. There are benefits to both in that informal planning can certainly assist individuals in anticipating changes associated with retirement, where as participation in formal planning seminars is more likely to provide the technical information needed for making financial and leisure plans (Taylor-Carter & Cook, 1995).

Anderson and Weber (1993) went one-step further exploring the level of involvement in planning. They found that individuals might enhance their likelihood of achieving retirement satisfaction during retirement by taking an active role in planning for their retirement experience. Attending pre-retirement planning programs is beneficial, however higher retirement satisfaction can be experienced when individuals involve themselves in self-planning, whether it be interpreting the information gained at planning programs to their own individual needs or seeking further information to expand the knowledge gained through formal planning seminars. In support of these findings, Connolly (1992) found that individuals who participated in more active, problem solving-oriented programs reported higher levels of involvement and more positive feelings of control over the retirement process than those who participated in lecture-oriented planning sessions. Fretz et al.

(1989) had similar conclusions suggesting that persons planning for retirement should be given the opportunity to interact with those who have already retired.

In the current research, active involvement or self-planning was described as individual financial planning. This was any type of financial planning which individuals instigated themselves. Whether it is an investment with a bank, financial institution or in a property or business; the type was inconsequential, what matters is that they initiated the investment themselves.

2.5 Anticipated retirement satisfaction and adjustment to retirement

Bandura (1977) noted that high task-related self-efficacy predicts willingness to attempt tasks. Self-efficacy is the belief that one has the capabilities to execute the courses of actions required to manage a prospective situation (Bandura, 1977). When applied to retirement this suggests that gaining more information in planning sessions may encourage preparatory behaviours and should raise retirement self-efficacy. Fretz et al. (1989) correlated planning with higher levels of retirement self-efficacy. Those who have planned for retirement may feel that they have the information necessary to be successful in the transition. The specific impact of financial planning has been explored by Joo and Grable (2000); they found that having an investment or savings program for retirement could be a first step in increasing retirement confidence. This exploration will be extended in the current study by looking closer at the impact of financial planning where involvement was active. This will involve investigating whether individually instigated financial planning increases anticipated retirement satisfaction.

Positive anticipation of retirement satisfaction has been demonstrated in the literature as a significant predictor of subsequent adjustment to retirement (Atton, 1985; Braithwaite, Gibson, & Bosly-Craft, 1986) retirees with negative attitudes to

retirement had more difficulty adjusting to retirement, and were more likely to complain of boredom with life in retirement (Braithwaite et al., 1986). Similar to anticipated satisfaction, adjustment to retirement can also be positively affected through retirement planning (Howard, Marshall, Rechnitzer, Cunningham, & Donner, 1982). Involvement in planning for retirement promotes more realistic beliefs about the retirement transition and helps ease the transition into retirement (Evans, Ekerdt, & Bosse, 1985; Kamouri & Cavenaugh, 1986). Braithwaite, Gibson and Bosly-Craft (1986) found that retirement programs could be successful in reducing negative experiences, particularly with retirees whose attitudes to retirement are negative. The level of involvement is also a factor, with an emphasis in the literature on the positive outcomes associated with active involvement in planning. Fretz et al. (1989) stated that simply presenting retirees with information would not be enough to reduce adjustment anxiety. If retirees are to overcome apprehension about the transition into retirement, they need to actively use the information they are presented, developing an individual plan of action. The current research explored Fretz et al's. (1989) statement looking at the effect of individually instigated financial planning on adjustment experiences.

2.6 New Zealand context

While there are numerous options when planning and saving for retirement in New Zealand, three overall categories can be defined; government based universal pension, occupational pensions and private investment and savings.

Universal pension- New Zealand is unique among developed countries in having a universal pension (New Zealand Superannuation; NZS). NZS is a non-contributory, flat pension available to New Zealand citizens or permanent residents who normally live in New Zealand at the time of application. Individuals must be

aged 65 or over and have lived in New Zealand for at least 10 years from the age of 20. Five of those years must be from age 50 (Work and Income New Zealand, 2008)

The NZS has no income or asset tests, no requirement to make individual contributions to a pension fund, and often no requirement to actually be retired from work (earning restrictions do apply). The NZS is usually funded out of taxation or general levies on earnings, or general government revenues (St.John & Wilmore, 2001).

Occupational pensions - Occupational (or employer-based) pensions are common in many countries and often form part of employment remuneration. Recently there has been a shift in the styles of pensions offered by employers, from "defined benefit schemes" to "defined contribution schemes". "Defined benefit" schemes are calculated over the employee's career with an organisation. The employee's pension benefit entitlement is determined by a formula which takes into account years of service for the employer and, in most cases, wages or salary (Bodie, 1988). "Defined contribution schemes" provide each employee with an account into which the employer and employee make regular contributions. Pension benefit entitlement depends on the total contributions and investment earning of the accumulation in the account. Often the employee has some choice regarding the type of investment and can easily find out what its value is at any point in their working career (Bodie, Marcus, & Merton, 1985).

Although many organisations offer their employees' the opportunity to enrol into pension plans, for a large percentage of the population access to such plans is an issue (e.g. self-employed, employed by a small business). The New Zealand government has recently introduced a pension plan (Kiwi Saver) to extend the availability of occupational pensions to all workers. Kiwi Saver is a "defined

contribution scheme" with contributions made from the government, employer and the individual. Investment has been privately outsourced and individuals choose the financial institution or bank (from a list of authorised providers) where they wish to invest their kiwi saver account (KiwiSaver, 2008).

Private investment and savings – Private investment or savings involves providing for retirement income through investment in income-earning assets. There is a wide range of investment approaches including shares, rental property, government bonds, debentures, mortgage lending, bank deposits, mutual funds, unit trusts or investing in a business or farm. One of the most significant forms of private investment in New Zealand is home ownership, over 80 percent of New Zealanders in their early 60s are homeowners, and most have paid off their mortgage or reduced it to low levels (Preston, 2004). Other significant items generating retirement income include shares, bank deposits, fixed interest securities, rental properties, and part ownership of businesses. Rurally, farmers have traditionally relied on "cashing-up" the farm on retirement (Preston, 2004). The benefits actually achieved depend on business profit levels, dividends and interest rates earned on the assets in retirement. Risks also vary depending on the type of asset (Cook, 2006).

Proportion of income accounted for by retirement income options

Forty percent of older New Zealanders rely almost entirely on taxpayer funded provision (Preston, 2004). This is changing though, the NZS share of income for those aged 60 or above is declining. This downtrend reflects the increasing entitlement age and rising social welfare benefits, however, the main offset has been a sharp rise in earnings from working income, and increased participation in post-retirement employment (Preston, 2004).

Other forms of private investment and savings have played a significant role in providing retirement income in New Zealand. Household Survey figures indicate that in 2001 investment income represented 15.6% of income for those aged 60 plus, and 16.1% for those aged 65 plus, and was the largest single source of income for the top 20% of income receivers in this age group (Preston, 2004).

An increase in the number of retired people in paid employment will further drive the reliance on NZS down, since the amendment to the Human Rights Act in 1993 (Human Rights Commission, 2009)outlawed compulsory retirement age, the employment rate of people aged 65 and over has increased, doubling between 1986 and 2001 (Statistics New Zealand, 2008).

This increase in the older working population is not confined to New Zealand. Lawson (1991) found one quarter of the wage earners aged 58-73 today continue to participate in the workforce in some way when they retire. For many people retirement can also mean a transition into a type of “bridge employment”, that is a part-time job, self-employment, or temporary employment after full-time employment ends and permanent retirement begins (Doeringer, 1990).

As the working population ages and employers become more flexible with working arrangement, it is becoming increasingly common for people to slowly phase out their employment. What affect does this have on retirement planning? The literature suggests that workers who slowly withdraw from the work force can help sustain a sense of continuity that is so crucial for success in the retirement process (Atchley, 1989). In addition, slowly transitioning into retirement gives the individual a chance to develop more positive attitudes towards the retirement experience (Atchley, 1989). Research has also demonstrated that removal of the abrupt end of employment can help decrease the threat of “rolelessness”, which has been

associated with maladjustment in the retirement transition (Richardson & Kilty, 1991). Lastly, it has been suggested that individuals who work into their retirement experience increased retirement satisfaction as a result of having more time to make adequate plans for their final transition into full retirement (Feldman, 1994).

2.7 Current research

The current research was designed to examine the effect that financial planning choices have on an individual's anticipated level of retirement satisfaction, their adjustment to retirement and their overall satisfaction with retirement. This study is focused on the level of involvement individuals had in their pre-retirement financial planning. Active involvement or self-planning is defined here as any type of financial planning that individual's initiated themselves. Passive involvement, or no planning, is defined as individuals who did not instigate their own financial planning. This includes retires receiving an occupational pension or relying solely on the NZS. Retirement was defined as an exit from an organisation or career path of considerable duration, taken with intention of reduced psychological commitment to work thereafter (Feldman, 1994) therefore some retirees in the current study may have continued to work into retirement. To incorporate this into the current research, the relationship between working in retirement and planning was explored; looking at whether the previously discussed effects of financial planning were still significant for retirees who continue working into retirement.

2.8 Impacts of research

The present research intends to investigate retirement financial planning, which is a relevant issue in New Zealand today. The introduction of Kiwi Saver has extended the availability of a defined contribution pension plan to many professions

who previously did not have an occupational pension plan. Similarly, changes are being made in the options organisations offer their employees regarding the style of pension fund they can enrol in, shifting away from defined benefit plans to defined contribution. People are being required to take more responsibility for their retirement as the options before them increase. Through the reviewed literature it is clear that planning for retirement has an impact on anticipated retirement satisfaction, adjustment to retirement and satisfaction with retirement. The present research seeks to answer the question of what impact our financial planning choices have on our expectations for retirement, our successful transition into retirement and our overall satisfaction in retirement. We also hope to address whether financial planning choices with more active involvement can reduce some of the anxiety associated with retirement adjustment, subsequently changing the perception of retirement; from a force of passage (being foisted out of the work role) to a well-earned break that can be planned for and positively anticipated.

As our work structures change away from the traditional '9-5' and employers offer more flexible working arrangements, barriers to older workers are decreasing and many retirees are choosing to continue to work in retirement. The present research will investigate what effect this will have on planning for retirement.

Further, the measure to be used for measuring retirement satisfaction has never been tested on a New Zealand population; this is a chance to look at how the Floyd et al. (1992) scale works in a New Zealand context. The scale was initially designed using an American population and has been validated on a French population, it is of interest how the factors would be structured on a New Zealand population, and how results would compare between the three populations.

2.9 Hypotheses

Hypothesis 1. Retirees who individually planned financially for their retirement (Individual financial planners) will have higher levels of anticipated retirement satisfaction than retirees did not individually plan financially for their retirement (non-individual financial planners).

Hypothesis 2. Retirees who individually planned financially for their retirement (Individual financial planners) will have experienced less negative effects during retirement adjustment than retirement than retirees did not individually plan financially for their retirement (non-individual financial planners).

Hypothesis 3. Retirees who individually planned financially for their retirement (Individual financial planners) will be more satisfied with their retirement than retirees did not individually plan financially for their retirement (non-individual financial planners).

Hypothesis 4. Retirees who continued to work during their retirement and individually planned financially for their retirement (Working individual financial planners) will have higher levels of anticipated retirement satisfaction than working retirees who did not individually plan financially for their retirement (Working non-individual financial planners).

Hypothesis 5. Retirees who continued to work during their retirement and individually planned financially for their retirement (working individual financial planners) will have experienced less negative effects during retirement adjustment than retirement than working retirees who did not individually plan financially for their retirement (working non-individual financial planners).

Hypothesis 6. Retirees who continued to work during their retirement and individually planned financially for their retirement (working individual financial planners) will be more satisfied with their retirement than working retirees did not individually plan financially for their retirement (working non-individual financial planners).

3. METHOD

3.1 Participants

The participants were 106 retired persons (54% women) living in New Zealand. Eight participants were excluded from the analysis due to their failure to rate their retirement satisfaction, leaving 98 to be included in analysis. Participant's age ranged from 54-90, the average age was 71. Fifty-nine percent of participants were married.

Retirement was defined as "an age-related reduction in employment", so some (35%) of the subjects were employed part-time; they worked on average 12 hours per week. The average time spent in retirement at the time of the survey was 125 months (10.4 years). The average pre-retirement salary was in the range $50,000 to $59,000.

Eighty-one percent (79 individuals) of participants received the government pension, of those 64.3% (63 individuals) had an income on top of the pension. Thirty-seven percent (36 individuals) of participants were enrolled with a pension plan through their employers. Sixty-two percent (61 individuals) of respondents individually planned for their retirement, 74% (48 individuals) of these people invested in more than one option.

Participants were recruited through advertisement in Age Concern Magazine and the online social networking site GrownUps. In addition, they were approached through community retirement organisations Grey Power, PROBUS, and SeniorNet, and the management of retirement villages registered with the Retirement Village Association of New Zealand. The number of respondents from each source was not recorded. Participants were reimbursed for their time through entry into a draw for one of two $100.00 grocery vouchers.

3.2 Materials

3.2.1 Questionnaire

The Questionnaire (See Appendix) was a self-report measure consisting of demographic information, retirement saving questionnaire, and the Retirement Satisfaction Inventory (RSI; Floyd et al., 1992). The questionnaire took approximately 15 minutes to complete. Information on the study, an informed consent statement and instructions for completing the study were printed at the beginning of the survey (See Appendix) and a debriefing sheet was included at the end (See Appendix). There was no difference in survey content between the online or pen and paper forms.

The demographic section contained questions relating to sex, age, country of residence, country of origin, marital status, pre-retirement income, age at retirement, time spent in retirement and work in retirement.

The retirement planning section contained questions relating to government pension (two questions), employer pension plans (four questions), individual retirement financial planning (three questions), make up of retirement income and assets (two questions), and self-perception of individuals pre-retirement saving habits (two questions). The questions and response categories are described in detail in Table 1.

Table 1. Retirement Planning Questions and Response Categories

	Response Categories
Government Pension	
Do you receive the government pension?	Yes/no
If yes, do you have an income on top of that pension?	Yes/no
Employer	
Where you ever enrolled in a retirement plan through any of your employers?	Yes/No
If yes what type?	Defined Contribution Scheme Defined Benefit Scheme (I) Defined Benefit Scheme (II)
When you made contributions, did you?	Accept default options initially and make no changes the rest of your work career Accept default options initially, but later adjust contributions Adjust default options initially, then leave setting the rest of your career Adjust default initially and then continue to adjust them the rest of your work career
How much control did you have over the investment options of your work pension?	5-point scale, responses ranged from no control (1) to total control (5)
Individual	
Did you individually plan for your retirement?	Yes/No
If yes, how did you? (please select all that apply)	Investment on property (including your house) Investment with a financial institution Investment with a bank Investment in share or stocks Investment in other assets (e.g. art, automobiles)
If you invested in property, how many do you have?	1, 2, 3, 4, 5+
Other Income	
Of your total income how much comes from a retirement fund?	4-point scale, responses ranged from none (0) to all (4)
Compared to average New Zealander how much time do you think you spent saving for retirement?	5-point scale, responses ranged from substantially less than average (1) to substantially more than average (5)
What percentage of your income has been obtained through inheritance?	0-100
What percentage of your assets has been obtained through inheritance?	0-100

3.2.2 Retirement Satisfaction Inventory

The Retirement Satisfaction Inventory (Floyd et al., 1992) consists of 51 items that assess retirement satisfaction and perceptions of retirement experiences (pre-retirement work functioning, adjustment and change, reasons for retirement, satisfaction with life in retirement, sources of enjoyment in retirement, leisure and physical activities).

Participant's responses are given on varying Likert-type scales.

Pre-retirement work functioning responses were given on two, six-point scales that ranged from 1 *(very ungratifying)* to 6 *(very gratifying)* and 1 *(very dissatisfied)* to 6 *(very satisfied).* An example of an item is "before retirement how gratifying did you find your job compared to other areas of your life?"

Reasons for retirement responses were given on a six-point scale that ranged from 1 (very unimportant) to 6 *(very important).* An example of an item is "after retirement how easy or difficult were the first three months?"

Satisfaction with life in retirement responses were given a six-point scale that ranged from 1 *(very dissatisfied)* to 6 *(very satisfied).* Five questions in the satisfaction with life in retirement scale also had the option of 0 *(not applicable).* These were *'My marriage', 'the health of my spouse', 'Relationships with other family members', 'Services from community programs',* and *'Services from government programs'*.

Adjustment and change responses were given on two, six-point scales that ranged from 1 *(very difficult)* to 6 *(very easy)* and 1 *(much worse)* to 6 *(much better).* An example of an item is "after retirement how easy or difficult were the first few months".

Current activities responses were given on a four-point scale that ranged from 1 *(never)* to 4 *(often)*. Sources of enjoyment responses were given on a four-point scale that ranged from 1 *(unimportant)* to 4 *(very important)*. An example of an item is "how often do you participate in leisure activities with friends".

Floyd et al. (1992) found concurrent validity for the items that assess 'satisfaction with life in retirement' through correlation with results from the Satisfaction with Life scale (Diener, Emmons, Larson, & Griffin, 1985) and for married individuals with the Marital Satisfaction Questionnaire for Older Persons (Haynes et al., 1992), both correlated positively with RSI items (Floyd et al., 1992). Floyd et al. (1992) found moderate test-retest reliability for the RSI with test-retest coefficients ranging from r (402) = .56 to r (402) = .77 (M r (402) = .68). Cronbach alpha for the 'Satisfaction with life in retirement scale' was measured to be α = .81 (Floyd et al., 1992).

3.3 Procedure

Questionnaires were administered in online and pen and paper format. Participants accessed the online questionnaire through a link contained in the recruitment emails and advertisements. Forty-four percent people completed the questionnaire online. The paper surveys were sent out to participants with postage paid return envelopes. The response rate for paper questionnaires was 33% (57/172).

All data from participants failing to complete the overall retirement satisfaction scale was excluded from the analysis The final sample for the analysis was therefore 98 respondents.

4. RESULTS

4.1 Overview of analyses

Exploratory factor analysis was used to compare the factor structure of the RSI with findings from previous studies; Floyd et al.'s (1992) and Fouquereau, Fernandez and Mullet's (1999). The chosen method for extraction was principle-component factor analysis with oblique rotation.

Three t-tests were used to test hypothesis 1, 2, and 3; the effect of individual financial planning on anticipated retirement satisfaction, adjustment to retirement and overall retirement satisfaction.

Three two-way between-groups ANOVA were used to test hypothesis 4, 5, and 6; the effect of work in retirement on individual financial planning's effect on anticipated retirement satisfaction, adjustment to retirement and overall retirement satisfaction.

Correlation tables were used to explore the relationship between continuous variables, of particular interest was the relationship between retirement satisfaction and other variables.

4.2 Univariate statistics

Thirty-seven percent (36 individuals) of participants were enrolled with a pension plan through their employers. Of those 44% (16 individuals) were in a defined contribution scheme, the remaining 55% (14 individuals) were in a defined benefit scheme. When contributing to their employer run pension scheme, 55% (20 individuals) of people accepted the default contribution settings and did not change them the duration of their career. Further investigation to compare saving options and look more closely at the differences between specific pension types was unable

to be explored, due to limitations of sample size; sufficient numbers for analysis of these groups were unable to be found.

Analysis was focused on the difference between respondents who planned individually for their retirement and those who did not. Sixty-two percent (61 individuals) of respondents individually planned for their retirement, 74% (48 individuals) of these people invested in more than one option. Investment in property was high with 74% (45 individuals) of people owning an average of 1.6 properties. Investment with banks was equally has strong with 74% (45 individuals) of people choosing to invest with banks. The remaining investment was spread between investment with financial institutions 49% (30 individuals), shares or stocks 49% (30 individuals), and other assets 18% (11 individuals).

Eighty-one percent (79 individuals) of participants received the government pension, of those 64.3% (63 individuals) had an income on top of the pension. Fifteen percent (14 individuals) of participants received all their extra income on top of the government pension from a retirement fund. Inheritance did not make up a substantial part of other income, 82% (76 individuals) of people received no income or assets from inheritance.

Job gratification high (M = 4.8, SD =1.11), job satisfaction high (M = 5.0, SD = 1.17), anticipated retirement satisfaction (M = 5.3, SD = .67) and over all retirement satisfaction were high (M = 4.4, SD = .67). The average age in retirement was M = 71, SD = 7.89 and the average time spent in retirement was months M = 125.3, SD =90.1. For the means and standard deviations of all continuous variables, see Table 2.

Retirees sex did not significantly affect their financial planning choices, 53.3% (32 individuals) of men and 56% (28 individuals) of women did save

independently for their retirement. The Chi-square for independence indicated no significant association between sex and individual financial planning choices, χ^2 (1, n = 94) = 2.1, p = .14, phi = .17.

Table 2. Descriptive statistics of continuous variables

Variables	N	Mean	Std. Deviation	Minimum	Maximum
Job Gratification	98	4.8	1.11	1	6
Job Satisfaction	98	5.0	1.17	1	6
Anticipated Retirement Satisfaction	98	5.3	0.67	3	6
I reached mandatory retirement age.	98	2.4	1.74	1	6
I was in poor health.	98	2.0	1.54	1	6
My spouse was in poor health.	98	1.8	1.36	1	6
I could finally afford it.	98	3.4	1.92	1	6
Laid off, fired, hours cut back.	98	1.2	0.84	1	6
difficulties with people at work.	98	1.7	1.36	1	6
pressured to retire by my employer.	98	1.4	1.07	1	6
offered incentives to retire by my company.	98	1.4	1.18	1	6
more time with my family.	98	2.9	1.80	1	6
more time to pursue my interests	98	3.9	1.90	1	6
make room for younger people.	98	1.5	1.20	1	6
I disliked my job.	98	1.9	1.42	1	6
too much stress at work.	98	2.5	1.77	1	6
Difficulty with physical demands of my job.	98	1.7	1.35	1	6
My spouse wanted me to retire.	98	1.7	1.36	1	6
My marriage	98	5.3	0.94	1	6
My financial situation	98	4.5	1.33	1	6
My physical health	98	4.4	1.35	1	6
The health of my spouse	98	4.1	1.11	1	6
The quality of my residence	98	5.1	1.19	1	6
Relationships with other family members	98	5.2	1.03	1	6
My level of physical activity	98	4.3	1.34	1	6
My access to transport	98	4.9	1.38	1	6
Community agencies Services	71	4.4	1.25	1	6
Government Services	65	4.0	1.41	1	6
My personal safety	98	4.7	1.22	1	6
Adjustment to Retirement	98	4.6	1.34	1	6
life since compare with life before	98	4.8	1.08	1	6
leisure activities with friends?	98	3.4	0.76	1	4
leisure activities with your family?	98	3.1	0.71	1	4
participate in physical activities	98	3.3	0.85	1	5
Freedom to pursue my own interests	98	3.6	0.62	1	4
Not having to work	98	2.8	1.06	1	5
Spending more time with my family	98	3.1	0.83	1	4
Spending more time with my friends	98	3.1	0.82	1	4
More control over my own life	98	3.5	0.81	1	4
No boss	98	3.1	1.18	1	4
More travel	98	2.9	1.04	1	4
Less stress	98	3.1	1.02	1	4
Being with a group of other retired persons	98	2.4	1.06	1	4
More time for activities	98	3.2	0.75	1	4
Participation in volunteer organisations	98	2.6	1.06	1	4
Being carefree	98	3.2	0.89	1	4
More time to think	98	3.1	0.95	1	4
More relaxed	98	3.3	0.86	1	4
Can be alone more	98	2.6	0.99	1	4
Overall Retirement Satisfaction	98	5.2	0.94	1	6
Age	95	71.0	7.89	54	90
Approx Salary Pre-Retirement	90	3.9	2.51	1	9
Age at Retirement	95	61.0	6.68	40	81
Time in Retirement (months)	94	125.3	90.10	1	480
Ave hours worked per week	33	12.4	7.71	2	32
Control over investment options of Employer Pension	40	1.6	1.20	1	5
Number of Properties	46	1.5	1.05	1	5
Amount from Retirement fund	91	1.8	1.44	0	4
Time spent saving	93	3.1	1.17	1	5
% Income obtained through inheritance	93	4.4	16.21	0	100
% Assets obtained through inheritance	93	4.9	16.69	0	100
Retirement Satisfaction	98	4.4	0.67	1.5	5.5

4.3 Factor structure of the RSI in a New Zealand Sample

To assess the appropriateness of factor analysis on the data set, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was obtained. The KMO measure indicates the proportion of common variance in the measured variables. Values over 0.6 are considered appropriate for proceeding with factor analysis (Tabachnick & Fidell, 2007). In the present study, the KMO was 0.63. The correlation matrix demonstrated factorability with correlations above r(98) = .3 (Tabachnick & Fidell, 2007)

Examination of the scree plot indicated that three factors should be extracted for the factor analysis (See Figure 1 below). To allow for correlations between the factors the chosen method for extraction was factor analysis with oblique rotation.

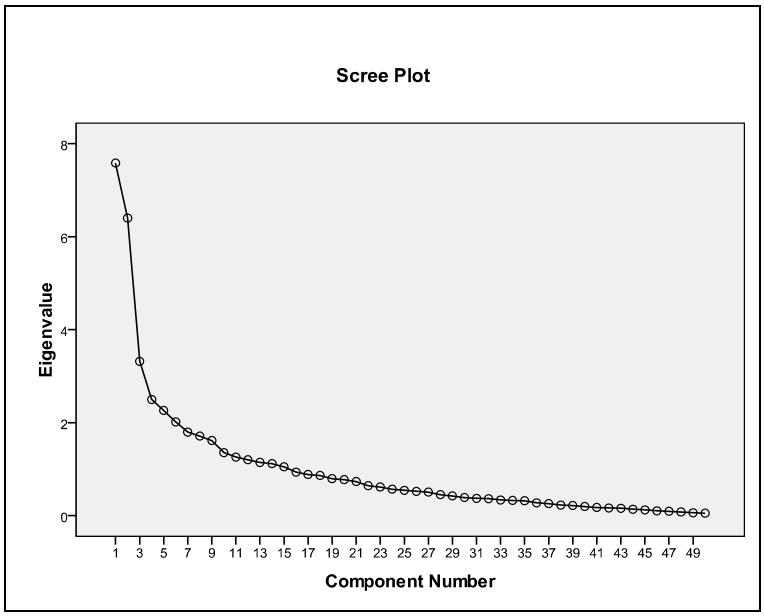

Figure 1. Scree Plot from Principle-Component Factor Analysis with Oblique

Items had high loadings on their respective factor, with no cross loading above .40. The results defined the three factors identified by Floyd et al. (1992): ‘reasons for retirement’ and ‘Satisfaction with life in retirement’ and ‘sources of enjoyment with retirement’.

The item loadings on the factor ‘satisfaction with life in retirement’were slightly different from Floyd et al. (1992) with two of the original items not loading on the factor, and six additional items loading on the factor.

The items that did not load were ‘satisfaction with government services’ and ‘satisfaction with my personal safety’. These results are similar to Fouquereau et al. (1999) who found that ‘Satisfaction with government services’ did not load on the ‘satisfaction with life in retirement’ scale.

The six additional items were ‘how easy or difficult were the first few months?’, ‘how does life since retirement compare with life before?’, ‘how often do you participate in leisure activities with friends?’, ‘how often do you participate in leisure activities with your family?’, ‘how often do you participate in physical activities?’ and ‘overall Retirement Satisfaction’.

The 16 items loading on this factor are representative of Floyd et al’s. (1992) general concept of retirement satisfaction; reflecting items relating to the perception satisfaction with life in retirement. This factor could therefore be defined as the perception of the ‘retirement satisfaction’.

‘Retirement satisfaction’ was the only factor that could be analysed as a composite scale. Therefore, further exploration of the other two factors was not undertaken. The remaining items were instead analysed as individual items.

Scoring for the composite scale ‘retirement satisfaction’ was calculated using instructions from Floyd et al. (1992). The overall mean score was calculated as an average from an individual’s responses on the 16 items measuring ‘retirement satisfaction’. If the participant failed to answer a question (there were five questions where N/A (0) was a response option), the overall mean score was calculated from the remaining items.

4.4 Retirement Satisfaction Scale statistics

Scale statistics were calculated for the '*retirement satisfaction'* scale. For the purpose running reliability analyses missing scores were replaced with the mean using the missing value analysis procedure in SPSS. This was necessary due to the five questions that allowed N/A (0) as an option; the sample size would have been drastically reduced as the SPSS reliability analysis uses list-wise deletion.

Cronbach's alpha was α = .85 for the '*retirement satisfaction'* scale (*M* = 66.8, *SD* = 9.6).

4.5 Effect of individual financial planning

Three *t*-tests were run to test the hypothesis 1, 2 and 3; the effect of individual planning on anticipated retirement satisfaction, Adjustment to retirement, and overall retirement satisfaction. Subjects were divided into two groups retirees who individually planned financially for their retirement (Individual financial planners) (n = 61) and retirees did not individually plan financially for their retirement (non-individual financial planners) (n=36). The results follow.

4.5.1 Anticipated retirement satisfaction

Anticipated retirement satisfaction was measured by the single item 'before retirement how satisfied did you expect to be with retirement' from the Retirement Satisfaction Inventory (RSI; (Floyd et al., 1992)). The mean score for anticipated satisfaction was high, M = *5*.3 (*SD* = .7), this was consistent with anticipated satisfaction measured in a previous study by Floyd et al. (1992) *M = 5.1* (*SD* = .9).

Hypothesis 1. Retirees who individually planned financially for their retirement (Individual financial planners) will have higher levels of

anticipated retirement satisfaction than retirees did not individually plan financially for their retirement (non-individual financial planners).

An independent mean *t*-test was conducted to explore the impact of individual financial planning choices on anticipated retirement satisfaction. Subjects were divided into Individual financial planners (n = 61) and non-individual financial planners (n=36).

There was no significant difference in anticipated retirement satisfaction scores between Individual financial planners (*M* = 5.4, *SD* = .62) and non-individual financial planners (*M* = 5.2, *SD* =.75); *t* (97) = 1.64, *p* = .10 (two-tailed) *NS*

4.5.2 Adjustment to Retirement

Adjustment to retirement was measured by the single item 'after retirement how easy or difficult were the first few months' from the Retirement Satisfaction Inventory (RSI; (Floyd et al., 1992)). The mean score for adjustment to retirement was positive, M = 4.6 (*SD* = 1.3), this was consistent with adjustment to retirement measured in a previous study by Floyd et al. (1992) *M = 4.9* (*SD* = 1.23).

Hypothesis 2. Retirees who individually planned financially for their retirement (Individual financial planners) will have experienced less negative effects during retirement adjustment than retirement than retirees did not individually plan financially for their retirement (non-individual financial planners).

An independent mean *t*-test was conducted to explore the impact of individual financial planning choices on anticipated retirement satisfaction. Subjects were divided into two groups retirees who individually planned financially for their

retirement (Individual financial planners) (n = 61) and retirees did not individually plan financially for their retirement (non-individual financial planners) (n=36).

There was no significant difference in adjustment to retirement scores between Individual financial planners (M = 4.7, SD = 1.39) and non-individual financial planners (M = 4.5, SD = 1.25); t (97) = 0.45, p = .65 (two-tailed) *NS*

4.5.3 Retirement Satisfaction

Retirement satisfaction was measured by the composite scale '*retirement satisfaction'* from the Retirement Satisfaction Inventory (RSI; (Floyd et al., 1992)). The mean score for retirement satisfaction was high, M = 4.4 (SD = .7). This was consistent with both previous studies. Floyd et al. (1992) found retirement satisfaction was M = 4.8 (SD = .7), and (Fouquereau, Fernandez, & Mullet, 1999) reported 'retirement satisfaction' M = 5.1 (SD = 1.0).

Hypothesis 3. Retirees who individually planned financially for their retirement (Individual financial planners) will be more satisfied with their retirement than retirees did not individually plan financially for their retirement (non-individual financial planners).

An independent mean *t*-test was conducted to explore the impact of individual financial planning choices on retirement satisfaction. Subjects were divided into two groups retirees who individually planned financially for their retirement (Individual financial planners) (n = 61) and retirees did not individually plan financially for their retirement (non-individual financial planners) (n=36).

A significant difference was found between the retirement satisfaction score of Individual financial planners (M = 4.6, SD = .48) and non-individual financial planners (M = 4.1, SD = .82). Individual financial planners had statistically

significant higher levels of retirement satisfaction than non-individual financial planners t (97) = 3.39, p < .01 (two-tailed).

4.6 Effect of working during retirement on individual financial planning

A two-way between-groups analysis of variance was conducted to explore hypothesis 1, 2, and 3; the impact of work during retirement on individual financial planning outcomes on Anticipated retirement satisfaction, Adjustment to retirement, and overall retirement satisfaction. Subjects were divided into two groups according to whether or not they work during retirement (Worked during retirement, n = 32), did not work during retirement, n = 62) the full descriptive statistic can be seen in figure 2 below.

Descriptive Statistics

Dependent Variable:Retirement Satisfaction

Did you individually plan for Retirement	Work during Retirement	Mean	Std. Deviation	N
Yes	Yes	4.582	.5801	17
	No	4.630	.4470	43
	Total	4.617	.4837	60
No	Yes	3.993	1.0402	15
	No	4.200	.6692	19
	Total	4.109	.8451	34
Total	Yes	4.306	.8669	32
	No	4.498	.5565	62
	Total	4.433	.6797	94

Figure 2. Descriptive statistics for groups in two-way between groups ANOVA

4.6.1 Anticipated retirement satisfaction

Anticipated retirement satisfaction was measured by the single item ‘before retirement how satisfied did you expect to be with retirement’ from the Retirement Satisfaction Inventory (RSI; (Floyd et al., 1992)).

Hypothesis 4. Retirees who continued to work during their retirement and individually planned financially for their retirement (Working individual

financial planners) will have higher levels of anticipated retirement satisfaction than working retirees who did not individually plan financially for their retirement (Working non-individual financial planners).

A two-way between-groups analysis of variance was conducted to explore the impact of work and individual planning on anticipated retirement satisfaction. Subjects were divided into two groups according to whether or not they work during retirement. The interaction effect was not statistically significant, F (1, 94) = 1.07, p = .30 *NS*. There was no statistically significant main effect for working in retirement F (1, 94) = .434, p = .51 *NS*

4.6.2 Adjustment to Retirement

Adjustment to retirement was measured by the single item 'after retirement how easy or difficult were the first few months' from the Retirement Satisfaction Inventory (RSI; (Floyd et al., 1992)).

Hypothesis 5. Retirees who continued to work during their retirement and individually planned financially for their retirement (working individual financial planners) will have experienced less negative effects during retirement adjustment than retirement than working retirees who did not individually plan financially for their retirement (working non-individual financial planners).

A two-way between-groups analysis of variance was conducted to explore the impact of work and individual planning on adjustment to retirement. Subjects were divided into two groups according to whether or not they work during retirement. The interaction effect was not statistically significant, F (1, 94) = .85, p = .36 *NS*.

There was no statistically significant main effect for working in retirement F (1, 94) = .01, p = .92 *NS*

4.6.3 Retirement Satisfaction

Retirement satisfaction was measured by the composite scale '*retirement satisfaction'* from the Retirement Satisfaction Inventory (RSI; (Floyd et al., 1992)).

Hypothesis 6. Retirees who continued to work during their retirement and individually planned financially for their retirement (working individual financial planners) will be more satisfied with their retirement than working retirees did not individually plan financially for their retirement (working non-individual financial planners).

A two-way between-groups analysis of variance was conducted to explore the impact of work and individual planning on adjustment to retirement. Subjects were divided into two groups according to whether or not they work during retirement. The interaction effect was not statistically significant, F (1, 94) = .31, p = .58 *NS*. There was no statistically significant main effect for working in retirement F (1, 94) = .78, p = .38 *NS*

4.6.4 Correlation between variables

Retirement satisfaction correlated significantly with job satisfaction r (98) = .27, p < .01 (2-tailed), Anticipated satisfaction r (98) = .218, p < .05 (2-tailed) and approximate pre-retirement salary r (98) = .25, p < .05 (2-tailed) (See Table 3 below).

Table 3. Inter-correlations between variables of retirement experience

Measure	1	2	3	4	5	6	7
Job Gratification	1	.844**	0.162	0.097	0.046	.244*	0.167
Job Satisfaction		1	0.15	0.111	0.077	.249*	.212*
Anticipated Retirement Satisfaction			1	-.207*	0.038	0.204	.227*
Age at Retirement				1	-.274**	-.232*	-0.1
Time in Retirement (months)					1	-0.105	0.028
Approx Salary Pre-Retirement						1	.247*
Retirement Satisfaction							1

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Retirement satisfaction negatively correlated significantly with the following reasons for retirement. 'I was in poor health' r (98) = .39, $p < .01$ (2-tailed), 'I was laid off, was fired, or my hours were cut back' r (98) = .21, $p < .05$ (2-tailed), 'I was pressured to retire by my employer' r (98) = .22, $p < .05$ (2-tailed), and 'I had difficulty with physical demands of my job' r (98) = .24, $p < .05$ (2-tailed) (See Table 4)

Sources of enjoyment in retirement items that correlated significantly with retirement satisfaction were. 'Not having to work', r (98) = .225, $p < .05$ (2-tailed), 'More Travel' r (98) = .24, $p < .05$ (2-tailed), 'Being with a group of other retired people' r (98) = .24, $p < .05$ (2-tailed), 'more time for activities' r (98) = .24, $p < .05$ (2-tailed), and 'being carefree' r (98) = .24, $p < .05$ (2-tailed) (See Table 5).

Table 4. Inter-correlations between reasons for retirement and retirement satisfaction

Measure	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Retirement Satisfaction	1	-0.076	-.288**	-0.069	0.114	-.199*	-0.136	-.202*	0.161	0.14	.248*	0	-.254*	-0.07	-0.094	0.085
I reached mandatory retirement age.		1	0.151	0.169	0.189	.253*	-0.049	-0.06	-0.043	-0.068	-0.014	0.131	-0.061	-0.014	.200*	.302**
I was in poor health.			1	.239*	0.119	0.142	.308**	.214*	0.154	0.073	-0.051	.250*	.254*	.210*	.250*	0.179
My spouse was in poor health.				1	-0.06	0.103	.239*	0.151	0.12	0.059	0.02	.392**	0.188	0.101	0.124	.342**
I could finally afford it.					1	-0.055	0.087	0.17	0.078	0.08	.297**	0.008	0.158	0.198	0.154	.302**
Laid off, fired, hours cut back.						1	.262**	0.183	0.161	0.042	-0.025	0.178	.366**	0.17	.280**	0.085
difficulties with people at work.							1	0.189	0.117	0.039	0.085	.234*	.436**	.595**	.364**	0.171
pressured to retire by my employer.								1	.271**	0.101	-0.051	.273**	.223*	0.105	0.116	0.098
offered incentives to retire by my company.									1	0.18	0.084	.233*	0.136	0.144	0.18	0.06
more time with my family.										1	.503**	.227*	0.135	0.192	0.138	0.083
more time to pursue my interests											1	0.179	0.036	.240*	0.135	0.178
make room for younger people.												1	0.124	0.102	0.162	.246*
I disliked my job.													1	.514**	.272**	0.126
too much stress at work.														1	.463**	0.113
Difficulty with physical demands of my job.															1	0.039
My spouse wanted me to retire.																1

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 5. Inter-correlations between sources of enjoyment in retirement and retirement satisfaction

Measure	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Retirement Satisfaction	1	0.113	0.173	0.127	0.079	0.179	0.008	.215*	-0.035	0.094	.284**	0.133	.244*	0.064	0.069	0.095
Freedom to pursue my own interests		1	.272**	.344**	.371**	.617**	.394**	.209*	.329**	.212*	.505**	.206*	.379**	.386**	.432**	.266**
Not having to work			1	0.13	0.118	.207*	.353**	.223*	.372**	.202*	.368**	0.121	.371**	.224*	.320**	.412**
Spending more time with my family				1	.485**	.441**	.245*	.262**	.221*	.308**	.363**	.377**	.343**	.371**	.225*	0.174
Spending more time with my friends					1	.404**	.252*	.343**	.420**	.467**	.460**	.430**	.351**	.314**	.335**	0.181
More control over my own life						1	.459**	.234*	.372**	.279**	.385**	.212*	.480**	.518**	.498**	.268**
No boss							1	0.197	.508**	.305**	.347**	0.182	.375**	.488**	.430**	.326**
More travel								1	.330**	.321**	.429**	.337**	.327**	.329**	.293**	.224*
Less stress									1	.309**	.416**	.308**	.347**	.420**	.511**	.448**
Being with a group of other retired persons										1	.393**	.394**	.320**	.318**	.244*	.259*
More time for activities											1	.427**	.569**	.403**	.423**	.391**
Participation in volunteer organisations												1	.267**	.237*	.302**	0.123
Being carefree													1	.639**	.497**	.478**
More time to think														1	.549**	.439**
More relaxed															1	.538**
Can be alone more																1

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

5. DISCUSSION

5.1 Primary findings

The current research examined the effect that financial planning choices have on an individual's anticipated level of retirement satisfaction, their adjustment to retirement and their overall satisfaction with retirement. This study is focused on the level of involvement individuals had in their pre-retirement financial planning. Active involvement or self-planning was defined here as any type of financial planning that individuals initiated themselves. Passive involvement, or no planning, was defined as individuals who did not instigate their own financial planning. This included retirees receiving an occupational pension or relying solely on the NZS. In addition, the current research explored the relationship between working in retirement and planning; specifically, whether the previously discussed effects of financial planning (on anticipated retirement satisfaction, adjustment to retirement and overall retirement satisfaction) were affected by some retiree's decision to continue to work in retirement.

It was hypothesized that retirees who self-planned financially for their retirement would have higher levels of anticipated retirement satisfaction than retirees who did not. However, this hypothesis was not supported. Individual financial planners did not have significantly higher levels of anticipated retirement satisfaction than non-individual financial planners did. These findings differ to the findings of (Joo & Grable, 2000) who found that having an investment or savings program for retirement increased retirement confidence.

It was also hypothesized that those retirees who had self-planned financially for their retirement would experience less negative effects during retirement adjustment than retirees who did not. This hypothesis was not supported; individual

financial planners did not report significantly less negative effects during adjustment to retirement than non-individual financial planners. This is in contrast to research by Howard et al. (1982) that found that adjustment to retirement could also be positively affected through retirement planning.

In addition, it was predicted that retirees who exhibited individual financial planning for their retirement would be more satisfied with their retirement overall than those retirees who did not. This hypothesis was supported as individual financial planners did report significantly higher levels of overall retirement satisfaction than non-individual financial planners did. This is consistent with previous researcher suggesting that active involvement in financial planning can enhance retirement satisfaction (Anderson & Weber, 1993; Braithwaite & Gibson, 1987; Connolly, 1992; Fretz, Kluge, Ossana, Jones, & Merikangas, 1989).

In this study an additional set of hypotheses, with the same expected outcomes as the previous three just discussed, were applied specifically to retirees who remained in continued to work into their retirement. Due to the fact that retirement was defined as an exit from an organisation or career path of considerable duration, taken with intention of reduced psychological commitment to work thereafter (Feldman, 1994) there was a proportion of the sample who continued to work into retirement. Within the working retirees, it was hypothesised that those who demonstrated individual financial planning for their retirement would have higher levels of anticipated retirement satisfaction than those who did not. This hypothesis was not supported; there was no significant difference in the anticipated retirement satisfaction levels between working individual financial planners and working non-individual financial planners. This contradicts the assertion of

continuity theory regarding the slow withdrawal from work and positive repercussions therein (Atchley, 1989).

Also within working retirees, it was hypothesised that individuals who had undertaken individual financial planning would experience less negative effects during retirement adjustment than those who did not. This hypothesis was not supported; working individual financial planners did not experience significantly less negative effects during their adjustment to retirement than working non-individual financial planners. This is in opposition to research suggesting that removal of the abrupt transition from full-time work to full-time retirement could decrease the threat of "rolelessness" which is associated with negative effects in adjustment to retirement (Richardson & Kilty, 1991).

Finally, it was hypothesised that of the working retirees, those who had engaged in individual financial planning for their retirement would be more satisfied with their retirement overall than those who did not. This hypothesis was not supported; working individual financial planners were not significantly more satisfied with their retirement than working non-individual financial planners. This is at odds with the theory that individuals who work in retirement have increased retirement satisfaction as a direct result of having more time to make plans for their retirement (Feldman, 1994).

Retirement satisfaction correlated significantly with anticipated retirement satisfaction, this is aligned with previous research indicating that positive anticipation of retirement relates positively to satisfaction with retirement (Richardson, 1989). Reasons for retirement that correlated negatively with retirement satisfaction were all associated with a removal of individual control from the retirement decision. These included factors related to an individual's health

excluding them from work and pressure from their employer to retire. This corroborates with previous research showing lower levels of retirement satisfaction among individuals for whom the decision to retire was perceived as not their own (Gall, Evans, & Howard, 1997; Reis & Gold, 1993; Richardson & Kilty, 1991).

5.2 Individual financial planning

Results of this research suggest that individual financial planning can influence an individuals overall satisfaction with retirement, however it does not appear to affect anticipated retirement satisfaction or the experience of adjustment to retirement. A factor that could be contributing to these results could be homogeneity of the sample. Mean anticipated satisfaction was high for both individual financial planners and non-individual financial planners. Similar results were reported in the level of overall retirement satisfaction and positivity of adjustment experiences.

(Taylor-Carter & Cook, 1995) found similar results for anticipated satisfaction. They reported that the impact general financial planning had on retirement satisfaction was not as strong as that of general leisure planning (Taylor-Carter & Cook, 1995). It was expected that in the current study the added dimension of individual (or active-involvement) would strengthen the influence of financial planning. However, this was not the case. Future research could attempt to find a less homogenous sample, and look more deeply into the effects different types of financial planning have on anticipated retirement satisfaction.

The discrepancies between previous research and the results reported in the current study, regarding the impact of individual financial planning on adjustment could be explained by the high level of positive anticipated retirement satisfaction that was demonstrated by retirees' surveyed in the current study. Positive anticipation of retirement satisfaction has been demonstrated in the literature to be

significantly predictive of subsequent adjustment to retirement (Atton, 1985; Braithwaite et al., 1986). Future research could be more focused on the impact financial planning education could have on individuals who initially report negative retirement attitudes.

The discrepancies between the literature and the results of this study pertaining to those who work in retirement are not terribly surprising, given that this is a relatively recent phenomenon. There exists a demand for more empirical research in this area to broaden our understating of the topic. Many of the retirees working in the current study were doing so out of choice, with many working in unpaid, volunteer positions. Future research should explore the differences between those retirees who continue working by choice and those who continue working out of necessity.

5.3 Implications of the present study

The current research has several important implications for future researchers, policy makers and pre-retirees. Most important is the need for effective retirement financial planning education programs. Traditionally pre-retirement planning programs have been pursued mostly by individuals in the upper income brackets of society, as they seek to preserve their current standard of living as much as possible during retirement (Fillenbaum, George, & Palmore, 1985). This income bracket also tend to have the most access to these programs and therefore, opportunity to participate in them (Beck, 1984). This is unfortunate as the pre-retirees who would benefit most from retirement preparation programs are those in the lower income brackets of society, generally those with less education, lower occupational status, no pension coverage and subsequently lower retirement income (Hayes & Parker, 1993). For many people at the lower end of the income range, saving for retirement

is not an option. Many of these individuals are simply not in a position to be able to save for their retirement as money is scarce as it is (Malroutu & Xiao, 1995).

In New Zealand, changes have already begun to extend access to those in the lower income brackets. The New Zealand government's recently introduced pension plan (Kiwi Saver) has extended the availability of occupational pensions to all workers (KiwiSaver, 2008). However, this could be taken one-step further by combining KiwiSaver with financial education. Regardless of where these programs originate (e.g. government, employers, educators, or private providers) they should be aimed at those who are in financial need approaching retirement. The pre-retirement programs should take into account an individuals age, financial position, and family situation. They should offer realistic assessment of pension benefits, whether they are in the form of KiwiSaver or the NZS. The development of any kind of financial resources is preferable to no preparation and should be encouraged.

When to introduce planning programs to workers should be looked at in future research. Workers are automatically enrolled in KiwiSaver when they begin employment, would this be too soon to start retirement financial planning education. Evans, Ekerdt and Bosse (1985) would suggest not. They found that anticipation of retirement begins well in advance of workers conscious withdrawal from work (Evans et al., 1985). Therefore, pre-retirement planning programs teaching financial skills should take place early on, in order to foster this early subconscious planning (Evans et al., 1985). In support of this, Atchley (1976) suggested that pre-retirement programs should begin a minimum of 5 yrs prior to retirement.

Human resource professionals in organisations could also benefit from exploring the consequences of employee pre-retirement planning. As the working population ages and employers and work structures become increasingly more

flexible, barriers to older workers are decreasing and many retirees are choosing to continue to work in retirement (Doeringer, 1990). As the number of older workers increases, a greater proportion of the workforce could require planning sessions. Glamser (1980) conducted a survey of workers and found that 84% to 90% expressed a desire for employer provided retirement planning. Feldman (1994) suggested that flexible polices towards older workers can reflect a sense of appreciation and affirmation of older workers and their ability to contribute effectively to their organisations. Pre-retirement planning programs could have similar effects not on just older workers but all employees promoting the feeling that the organisation appreciates individuals beyond just their role as a worker; that the organisation cares for the individuals well-being both in their current employment and beyond.

Implications for Pre-retirees

The current research has demonstrated the benefits on retirement satisfaction of active involvement in retirement financial planning. Pre-retirees themselves should take control of their retirement finances by actively planning and preparing. Pre-retirees should take advantage of every opportunity, if they can attend financial planning programs they should maximise the knowledge gained, tailoring the suggested plans to their individual capabilities and needs. Where necessary they should seek further information from appropriate books, articles or further financial seminars. Pre-retirees should not postpone participation in planning activities. The earlier they in retirement planning programs the more time they have to prepare for retirement and the more likely they will be to develop a positive outlook towards retirement.

In the current study, the impact of sex or marital status was not thoroughly investigated, it was reported that there was no significant difference between males and females in participation in individual financial retirement planning. Future research could look at the impact of marriage on an individual's likelihood to financially plan for retirement and the effects this may have on anticipated retirement satisfaction, adjustment to retirement and overall retirement satisfaction. Previous research has demonstrated a link between marital status and attitude towards retirement, in that married individuals viewed retirement more favourably than those who never married (Mutran, Reitzes, & Fernandez, 1997; Turner, Bailey, & Scott, 1994). Another topic that could be of interest is the impact marriage has on a woman's likelihood to engage in individual financial planning for retirement. Is the sex stereotype that men are in charge of the finances applicable? Do married women allow their husbands to control the finances, and if so how does that affect their retirement experiences? Research indicates that women remain less financially prepared for retirement, on average, than men do. Dietz, Carrozza and Ritchley (2003) found that females were less likely to be enrolled in employer-based pension plans. However, this was largely accounted for by well documented sex differences in occupations (Dietz, Carrozza, & Ritchey, 2003). Future research could explore the impact KiwiSaver might have on women's participation in retirement savings.

5.4 Limitations of the present study

Limitations of the current study are largely related to the nature of the sample. There was a high degree of homogeneity in the demographic characteristics within the sample. Future research should seek to identify retirees from a more heterogeneous and diverse population. The sample consisted only of retired people

who were members of retiree organizations, subscribed to retiree magazines, or lived in retirement villages.

Further, the overall retirement experiences were relatively positive and the level of retirement satisfaction high. It may be the case that more difference in retirement experiences could be found through inclusion of isolated individuals, or retirees in lower income brackets. Some self-selection could also have contributed, in that those retirees who have experienced a more positive and satisfying retirement could be more willing to participate in such an investigation.

5.5 Conclusion

The results of the current study suggest that individual financial planning may enhance an individuals overall satisfaction with retirement. There is much scope for future research into this area, and future suggestions have been made regarding financial education, the design of programs, level of access, and the timing of delivery. The progressively ageing workforce and current economic climate will continue to keep retirement a topical for business and society as a whole; encouraging researchers and practitioners alike to continually explore the impact of retirement financial planning on retirement experiences.

6. REFERENCES

Anderson, C. E., & Weber, J. A. (1993). Preretirement planning and perceptions of satisfaction among retirees. *Educational Gerontology, 19*(5), 397.

Ashforth, B. (2001). *Role transitions in organisational life: An identity-based perspective*. Mahwah, NJ: Erlbaum.

Atchley, R., C. (1989). Activity adaptations to the development of functioning limitations and results for subjective well-being in later adulthood. *Journal of Aging Studies, 12*.

Atton, H. (1985). The psychology of retirement. *British Journal of Occupational Therapy, 48*(12), 375-378.

Bandura, A. (1977). Self-Efficacy: Toward a Unifying Theory of Behavioral Change.

Beck, S. H. (1984). Retirement preparation programs: differentials in opportunity and use. *Journal of Gerontology, 39*(5).

Bodie, Z., Marcus, A. J., & Merton, R. C. (1985). Defined benefit versus defined contribution pension plans: What are the real tradeoffs? , (NBER Working Paper Series).

Bodie, Z., Marcus, A. J., & Merton, R. C. (1988). Defined benefit versus defined contribution pensions plans; what are the real tradeoffs? In Z. Bodie, J. B. Shoven & D. Wise (Eds.), *Pensions in the US Economy*. Chicago: Chicago University Press.

Bosse, R., Aldwin, C. M., Levenson, M. R., & Ekerdt, D. J. (1987). Mental health differences among retirees and workers: Findings from the normative aging study. *Psychology and Aging, 2*(4), 383-389.

Braithwaite, V. A., & Gibson, D. M. (1987). Adjustment to Retirement: What We Know and What We Need to Know. *Ageing and Society, 7*(01), 1-18. Retrieved 1987, from

Braithwaite, V. A., Gibson, D. M., & Bosly-Craft, R. (1986). An exploratory study of poor adjustment styles among retirees. *Social Science and Medicine, 23*(5).

Connolly, J. (1992). Participatory versus Lecture/Discussion Preretirement Education: A Comparison. *Educational Gerontology, 18*(4), 365-379.

Cook, L. (2006). Questions for our time about retirement saving and pensions. (Retirement Commission).

Diener, E., Emmons, R. A., Larson, R. J., & Griffin, S. (1985). The Satisfaction with Life Scale. *Journal of Personality Assessment, 49*.

Dietz, B. E., Carrozza, M., & Ritchey, P. N. (2003). Does Financial Self-Efficacy Explain Gender Differences in Retirement Saving Strategies? *Journal of Women & Aging, 15*(4), 83-96.

Doeringer, P. B. (1990). Economic security, labor market flexibility, and bridges to retirement. In P. B. Doeringer (Ed.), *Bridges to Retirement: Older Workers in a Changing Labor Market*. Ithaca, N.Y.: ILR Press.

Dorfman, L. T. (1992). Academics and the transition to retirement. *Educational Gerontology, 18*(4), 343 - 363. Retrieved January 30, 2009, from

Elder, H. W., & Rudolph, P. M. (1999). Does retirement planning affect the level of retirement satisfaction? *Financial Services Review, 8*.

Elwell, F., & Maltbie-Crannell, A. D. (1981). The impact of role loss upon coping resources and life satisfaction of the elderly. *Journal of Gerontology, 36*.

Evans, L., Ekerdt, D. J., & Bosse, R. (1985). Proximity to retirement and anticipatory involvement: findings from the Normative Aging Study. *Journal of Gerontology, 40*(3), 368-374.

Feldman, D. C. (1994). The Decision to Retire Early: A Review and Conceptualization. *The Academy of Management Review, 19*(2), 285-311.

Fillenbaum, G. G., George, L. K., & Palmore, E. B. (1985). Determinants and consequences of retirement among men of different races and economic levels. *Journal of Gerontology, 40*(1).

Fletcher, W. L., & Hansson, R. O. (1991). Assessing the social components of retirement anxiety. *Psychology and Aging, 6*(1), 76-85.

Floyd, F. J., Haynes, S. N., Rogers Doll, E., Winemiller, D., Lemsky, C., Burgy, T. M., et al. (1992). Assessing retirement satisfaction and perceptions of retirement experiences. *Psychology and Aging, 7*(4).

Fouquereau, E., Fernandez, A., & Mullet, E. (1999). The Retirement Satisfaction Inventory: Factor structure in a French sample. *European Journal of Psychological Assessment, 15*(1), 49-56.

Fretz, B. R., Kluge, N. A., Ossana, S. M., Jones, S. M., & Merikangas, M. W. (1989). Intervention Targets for Reducing Preretirement Anxiety and Depression. *Journal of Counselling Psychology, 36*(3), 301-307.

Gall, T. L., Evans, D. R., & Howard, J. (1997). The retirement adjustment process: changes in the well-being of male retirees across time. *Journal of Gerontology B Psychology Science Social Science, 52*(3), P110-117.

Glamser, F. (1980). The impact of preretirement programs on the retirement experience. *Journal of Gerontology, 36*(2).

Hayes, C. L., & Parker, M. (1993). Overview of the literature on pre-retirement planning for women. *Journal of Women and Aging, 4*, 1-18.

Haynes, S. N., Floyd, F. J., Lemsky, C., Rogers Doll, E., Winemiller, D., Heilman, N., et al. (1992). The Marital Satisfaction Questionnaire for Older Persons. *Psychological Assessment, 4*, 473-482.

Howard, J. H., Marshall, J., Rechnitzer, P. A., Cunningham, D. A., & Donner, A. (1982). Adapting to retirement. *Journal of the American Geriatrics Society, 30*(8), 488-500.

Human Rights Commission (2009). *Human Rights Act 1993* Retrieved January 5, 2009, from http://www.hrc.co.nz/

Joo, S., & Grable, J. E. (2000). A Retirement Investment and Savings Decision Model: Influencing Factors and Outcomes. *Consumer Interests Annual, 46*.

Kamouri, A. L., & Cavenaugh, J. C. (1986). The impact of preretirement education programmes on workers' preretirement socialization. *Journal of Occupational Behaviour, 7*.

Kim, J. E., & Moen, P. (2002). Retirement transitions, gender, and psychological well-being: A life-course, ecological model. *Journals of Gerontology: Series B: Psychological Sciences and Social Sciences, 57B*(3), P212-P222.

KiwiSaver (2008). *KiwiSaver*. Retrieved November 20, 2008, from http://www.kiwisaver.govt.nz/

Krause, N. (1987). Chronic financial strain, social support, and depressive symptoms among older adults. *Psychology and Aging, 2*(2), 185-192.

Lawson, K. (1991). What happened to normal retirement age? *Employee Benefit Plan Review, 46*, 12-15.

Malroutu, Y., & Xiao, J. (1995). Perceived adequacy of retirement income. *Financial Counseling and Planning, 6*.

Moen, P. (2001). The Gendered Life Course. In R. H. Binstock & L. K. George (Eds.), *Handbook of aging and the social sciences* (5th ed.). San Diego, CA: Academic Press.

Mutran, E. J., Reitzes, D. C., & Fernandez, M. E. (1997). Factors that Influence Attitudes Toward Retirement. *Research on Aging, 19*(3), 251-273.

Pinquart, M., & Schindler, I. (2007). Changes of life satisfaction in the transition to retirement: A latent-class approach. *Psychology and Aging, 22*(3), 442-455.

Preston, D. (2004). *Retirement Income in New Zealand: the historical context*. Wellington: Office of the Retirement Commissioner.

Reis, M., & Gold, D. P. (1993). Retirement, Personality, and Life Satisfaction: A Review and Two Models. *Journal of Applied Gerontology, 12*(2), 261-282.

Richardson, V., & Kilty, K. M. (1991). Adjustment to Retirement: Continuity vs. Discontinuity. *International Journal of Aging and Human Development, 33*(2), 151-169.

Richardson, V. E. (1989). Social work practice and retirement. *Social Casework, 70*(4), 210-218.

St.John, S., & Wilmore, L. (2001). Two Legs are Better than Three: New Zealand as a Model for Old Age Pensions. *World Development, 29*(8).

Statistics New Zealand (2008). *Labour Market Activities*. Retrieved November 30, 2008, from http://www.stats.govt.nz/analytical-reports/older-nzers/chap2.htm

Tabachnick, B. G., & Fidell, L. S. (2007). *Using Multivariate Statistics* (5th ed.). Boston: Pearson/Allyn & Bacon.

Taylor-Carter, M. A., & Cook, K. (1995). Adaptation to Retirement: Role Changes and Psychological Resources. *Career Development Quarterly, 44*(1), 67-82.

Turner, M. J., Bailey, W. C., & Scott, J. P. (1994). Factors Influencing Attitude Toward Retirement and Retirement Planning Among Midlife University Employees. *Journal of Applied Gerontology, 13*(2), 143-156.

Wang, M. (2007). Profiling Retirees in the Retirement Transition and Adjustment Process: Examining the Longitudinal Change Patterns of Retirees' Psychological Well-Being. *Journal of Applied Psychology, 92*(2), 455-474.

Work and Income New Zealand (2008). *New Zealand Superannuation*. Retrieved November 20, 2008, from http://www.workandincome.govt.nz/manuals-and-procedures/deskfile/main_benefits_rates/new_zealand_superannuation_tables.htm

7. APPENDIX: STUDY QUESTIONNAIRE